Legislative Services Agency

MINUTES

Medical Assistance Projections and Assessment Council

October 28, 2005

MEMBERS PRESENT:

Senator Maggie Tinsman, Co-chairperson
Senator Jack Hatch, Co-chairperson
Senator Bob Dvorsky
Senator Amanda Ragan

Representative Danny Carroll, Co-chairperson
Representative Deborah Berry
Representative Ro Foege
Representative Dave Heaton
Representative Mark Smith
Representative Linda Upmeyer

MEETING IN BRIEF

Organizational staffing provided by: Patty Funaro, Senior Legal Counsel, (515) 281-3040

Minutes prepared by: John Pollak, Committee Services Administrator, (515) 281-3818

I. **Procedural Business.**
II. **University of Iowa Hospitals and Clinics Update.**
III. **Broadlawns Medical Center Update.**
IV. **Public Comment.**
V. **Medicaid Expenditure Projections.**
VI. **Department of Human Services Update.**
VII. **Council Discussion.**
VIII. **Materials Filed With the Legislative Services Agency.**

I. Procedural Business.

Attendance. Senator Ragan and Representative Upmeyer participated via the Iowa Communications Network from sites in the Mason City area and Sioux City, respectively. Due to technical difficulties with the network, audio communication was not possible for these two members.

Meeting Location. The meeting was held in Room 283 of the Eckstein Medical Research Building of the University of Iowa Hospitals and Clinics (UIHC), Iowa City, Iowa.

Meeting Times. Co-chairperson Carroll convened the meeting at 10:12 a.m. The Council recessed for a tour of nearby UIHC Positron Emission Tomography (PET) facilities at 10:22 a.m. and reconvened at 11:18 a.m. A recess to prepare for the working lunch was taken at 12:55 p.m. and the Council reconvened at 1:07 p.m. The Council also recessed from 2:30 p.m. to 2:43 p.m. The meeting was adjourned at 3:36 p.m.

Minutes Approved. The minutes of the August 31, 2005, meeting were approved as distributed.

Next Meeting. The next meeting was scheduled for 10 a.m. on Tuesday, January 3, 2006, at the Department of Human Services' Iowa Medicaid Enterprise facility located at 100 Army Post Road in Des Moines. However, the meeting was later postponed to be rescheduled.

II. University of Iowa Hospitals and Clinics Update.

Overview. Ms. Donna Katen-Bahensky, Director and Chief Executive Officer of UIHC, officially welcomed the Council on behalf of the university and UIHC.

Dr. Stacey Cyphert, Special Advisor to the President of the University of Iowa for Health Science Government Relations, provided a PowerPoint presentation containing information for UIHC as one of the IowaCare providers. Dr. Cyphert provided a volume and utilization analysis, a demographic analysis, a diagnosis analysis, and presented areas of concern, including the limited pharmaceutical benefit and lack of coverage for durable medical equipment and prosthetics, disenrollments, and commented on the future of the Chronic Care Program. Dr. Cyphert introduced Ms. Peggy O'Neill, Director of the UIHC IowaCare Program Assistance Center, and Ms. Kim Stout, IowaCare transportation coordinator.

Volume and Utilization. Dr. Cyphert indicated that as of October 20, 2005, there were 11,617 persons enrolled statewide in the IowaCare Program and the UIHC Chronic Care Program, with 40 percent of these enrollees from Polk County. The Chronic Care Program provides transitional care to those persons who were enrolled in the former State Papers Program at the time the program was terminated but did not qualify for the IowaCare Program. Of those enrolled in the IowaCare and Chronic Care Programs, 64 percent had not yet scheduled an appointment, but approximately 9,200 visits to UIHC by IowaCare or Chronic Care patients have occurred.

UIHC estimates the value of the services provided to date for the IowaCare and Chronic Care Programs at UIHC at $25 million, so that based upon the Medicaid reimbursement associated with the services, approximately one-third of the available funding has been utilized. Dr. Cyphert averred that these value estimates do not include the value of patient transportation services provided, physician services donated by the Carver College of Medicine to IowaCare and Chronic Care patients valued at $9 million, and donated hospital and physician services provided to state institution patients valued at $6.5 million.

Dr. Cyphert also noted that DHS is required by statute to convene a workgroup with UIHC and other stakeholders to review the provision of care to state institution inmates, students, patients, and former inmates.

Demographic Analysis. Dr. Cyphert provided demographic information comparing the patients of the IowaCare and Chronic Care Programs seen at UIHC, including age breakdowns, gender, and marital status. The information presented demonstrated that the demographic makeup of the patients in the two programs is quite different.

Diagnosis Analysis. To date, the two most common diagnoses of IowaCare Program patients seen at UIHC are chemotherapy without leukemia as a secondary diagnosis and major joint and limb reattachment procedures of the lower extremity. For IowaCare, the remaining top five diagnoses are: cirrhosis and alcoholic hepatitis, traumatic stupor and coma, and circulatory disorders. In FY 2005, for State Papers Program patients, the other most common diagnostic-related groups were: circulatory disorders, uterine and adnexa procedures, major joint and limb reattachment procedures of the lower extremity, and chest pain.

Areas of Concern. Dr. Cyphert listed the following areas of concern regarding the elimination of the State Papers Program and implementation of the IowaCare Program:

- Limited pharmaceutical benefits and lack of coverage of durable medical equipment.
- Disenrollments due to failure to pay premiums and associated issues for beneficiaries and network providers.
- The future of the Chronic Care Program and the need for providing timely notification of changes to beneficiaries.

Numbers of Patients. Several members asked for clarifications about the numbers provided. UIHC has already seen about 25 percent of those enrolled, and 43 percent of enrollment is individuals formerly in the State Papers Program. Representative Heaton asked Dr. Cyphert to provide follow-up information as to the value of contributed services under the State Papers Program versus the UIHC effort under IowaCare.

State Institutions Workgroup. Following a discussion about the state institutions workgroup required by statute to report to the Governor and the General Assembly by December 31, 2005, Representative Heaton suggested that many of the legislators serving on the Council would like an invitation to observe the workgroup deliberations.

Areas of Concern. Members asked for follow-up information providing more detail regarding the UIHC costs for services provided and regarding the reasons why patients make appointments but do not keep the appointments. Dr. Cyphert noted that those participating in the Chronic Care Program often need pharmaceuticals as part of their care.

Chronic Care Program. Co-chairperson Tinsman and others expressed concern that many legislators had the impression that former State Papers Program recipients who could not qualify for the IowaCare Program would have their needs met by the Chronic Care Program. Dr. Cyphert explained that under the Chronic Care Program, the care is provided for only the chronic condition treated under the former State Papers Program if the condition was treated prior to July 1, 2005. For example, if the condition treated was diabetes but now cancer exists, the patient would not be eligible for medications or other treatment for the cancer, although UIHC would try to assist. Additionally, under the former State Papers Program, a State Papers recipient was provided coverage for all medical care needed. Under the Chronic Care Program, coverage is only provided for the chronic condition that was treated prior to July 1, 2005.

Representative Heaton asked about the change in the provision of transportation between the State Papers Program compared with IowaCare. Dr. Cyphert noted that both transportation and overnight housing costs were provided under the State Papers Program, but now UIHC makes a greater effort to provide round-trip transportation for the same day in order to help patients avoid the cost of an overnight stay as this expense is not covered by IowaCare due to Medicaid prohibitions. Some members suggested that their constituents have had experiences different from that described.

Clean Claims. In response to Co-chairperson Carroll's questions about clean claims, Dr. Cyphert explained that the initiative is just getting underway; for example, the electronic payment step is not ready for implementation. Co-chairperson Carroll expressed a desire for a 24-hour turnaround in payment upon receipt of the claim.

Electronic Medical Records. In response to Co-chairperson Carroll's query as to the possibility of implementing electronic medical records, Dr. Cyphert suggested that progress is being made based upon a Medicaid Reform Advisory Group meeting he recently attended. It is likely that the records would be based upon billing information rather than provide detailed procedure records.

Prescription Drug Coverage. In response to Co-chairperson Tinsman's query regarding prescription drug coverage under IowaCare, Dr. Cyphert explained that the state is pursuing creation of a clearinghouse, and staff is providing referral lists of possible sites, making phone calls, and providing other assistance. IowaCare only provides prescription drugs related to inpatient care.

III. Broadlawns Medical Center Update.

Overview. Ms. Mikki Stier, MSHA, FACHE, Senior Vice President, Government and External Relations, utilized a PowerPoint presentation in reviewing Broadlawns Medical Center's (BMC) experience with IowaCare to date, presenting unresolved issues and concerns, including premium issues, enrollment issues, and the Code chapter 28E agreement with the Department of Human Services (DHS), which should be finalized in the next two weeks. Ms. Stier recommended DHS, BMC, and UIHC collaborate on any additional components prior to such components being implemented, that the state verify income of applicants for IowaCare, and that the issues of premiums and transfers to UIHC from BMC be reviewed.

BMC Community Care. Ms. Stier noted that BMC patients qualified for IowaCare are automatically enrolled in BMC's Community Care Program, which provides benefits in addition to those covered by IowaCare. In response to questions, it was clarified that the Community Care Program is limited to residents of Polk County and provides coverage to those with a family income of up to 500 percent of the federal poverty level on a sliding fee scale basis.

Premium Payments. Ms. Stier discussed the challenges brought about by the required premiums for IowaCare. She noted that payment of a premium is a new experience for most patients of BMC. Although patients may claim a hardship exemption for inability to pay the premium, this requires a change in behavior. The payment aspect is administered by DHS and not BMC.

Another issue is that it is difficult for some enrollees to make payments with cash. Many enrollees do not have a bank account and the inconvenience and expense of purchasing a money order for the monthly premium become barriers. Co-chairperson Tinsman and others asked about the quality of information provided to clients upon enrollment in IowaCare. It was noted that much information is written, but it is common for enrollees' reading levels to be low. In addition, there is often a language barrier.

Tertiary Care. One of BMC's concerns is the lack of payment for IowaCare patients transferred to UIHC for tertiary level of care. In response to Representative Heaton's question as to whether Polk County utilized its quota under the State Papers Program, Ms. Stier replied that Polk County did not do so in the last three to five years. In response to questions from Co-chairperson Carroll later in the meeting, Dr. Cyphert and Ms. Stier confirmed that UIHC and BMC have been negotiating a transfer agreement that spells out such issues as when a sending hospital would bring back a patient whose level of care needs have been reduced. However, an agreement has not been finalized.

Eligibility Determination. In response to Representative Heaton's question about the need for an asset test as part of eligibility determination, Ms. Stier related that most patients have few assets other than an auto and verifying the existence of assets can be a costly process.

IV. Public Comment.

Overview. Ms. Darlene Schmidt, Community Health Free Clinic in Cedar Rapids, and Ms. Linda Homan, Linn County General Assistance Director, provided information regarding their experiences with IowaCare, including the effects of elimination of the State Papers Program and the noninclusion of prescription drugs under the IowaCare Program.

Elimination of State Papers. Differences between the State Papers Program and IowaCare of concern to Ms. Schmidt and Ms. Homan include elimination of coverage for durable medical equipment, citing the example of prosthetic devices, braces, and shoe inserts needed by leg amputees; ambulance coverage between the local hospital and UIHC; lack of a procedure for professional staff to talk with UIHC professional staff in order to secure the appropriate care for the patient; the future of the Chronic Care Program; elimination of the toll-free telephone service for making and changing appointments at UIHC; cost of premiums being a barrier to low-income families currently stressed by sharp utility and fuel cost increases; and their belief that use of hospital emergency room services are increasing as a result of the program changes.

There was discussion with Council members about the former State Papers Program income guidelines used by different counties. It was suggested that if there was capacity in the county quota, a few patients were referred to the State Papers Program in order to prevent the family from becoming impoverished, even though the patient's income may have exceeded the income guidelines established by the county. Co-chairperson Tinsman inquired how many in Linn County were in that circumstance. Senator Dvorsky suggested this information should be obtained from all counties.

Coverage of Pharmaceuticals. Ms. Schmidt expressed particular concern about the lack of coverage for prescription drugs under IowaCare. UIHC will discharge patients to the free clinic with a prescription, resulting in increased demand on the free clinic to fill the prescriptions. It often can take a pharmaceutical company four to six weeks to fulfill a request for free or reduced-cost medications. Members noted in later discussions that pharmaceutical coverage was not included in IowaCare due to cost considerations.

Dental Coverage. Ms. Schmidt expressed concern about the general lack of dental coverage, noting that her program has 1,000 on its waiting list for dental care.

V. Medicaid Expenditure Projections.

Overview. Ms. Kerri Johannsen, Legislative Services Agency, Fiscal Division, distributed material regarding Medicaid expenditure information for FY 2004-2005 and FY 2005-2006. Fiscal year 2004-2005 closed with an appropriation surplus of $6.8 million, amounting to less than 1 percent of the $629 million appropriated. The fiscal year 2005-2006 appropriation of $704.4 million is currently estimated to be short by $39 million to $54 million. Co-chairperson Carroll clarified that the entire FY 2004-2005 surplus was credited to the Senior Living Trust Fund.

Veterans Home. One of the effects of the new Medicare Prescription Drug Benefit is the "clawback" provision in which the federal government applies offsets to state programs that are seen as realizing a cost savings due to the new benefit. One of these areas is a subsidy for each veteran served by the Iowa Veterans Home. Discussions are planned with legislators and the Iowa Veterans Home on this topic.

VI. Department of Human Services Update.

Overview. Mr. Kevin Concannon, Director, and Ms. Jennifer Vermeer, Assistant Medicaid Director, provided an update on IowaCare, including enrollment and premium information, member education efforts, expenditures to date, the nursing facility level of care changes, and the various health care reform initiatives included in H.F. 841. DHS has initiated a series of workgroup meetings to plan for implementation of the next phases of the reforms addressed in legislation. Mr. Gene Gessow, Medicaid Director, assisted in responding to Council questions.

Premiums. It was noted that 44 percent of enrollees do not pay a premium due to low income. DHS performed a telephone survey of persons who were disenrolled for failure to pay the premium in which 123 contacts were made resulting in 15 responses. Of the 15 responses, seven responded they could not afford the premium, two were in the process of reinstatement, and 12 had plans to reapply in the future. In the first cycle, 682 were disenrolled. DHS is considering options to address premium payment problems, including reimbursing money order costs.

In response to a question from Representative Berry regarding options upon disenrollment, it was explained that a person may reenroll by paying the back-due premium. In further discussion, Mr. Gessow noted that the hardship exemption can be activated by the person by returning the billing statement with a notation that the person cannot pay. He cautioned that it will take time for the public to learn a new system, that one of the objectives of the program was to encourage personal responsibility, and that claiming the hardship exemption is not an onerous task.

Co-chairperson Hatch expressed the belief that the premiums create a barrier to health care for low-income persons and suggested the General Assembly should consider removing the premium requirements when the 2006 Legislative Session convenes.

Co-chairpersons Carroll and Tinsman expressed support for the premiums as an important means for enrollees to buy into the program.

Members resolved to monitor the disenrollment numbers closely and encouraged DHS to make every effort to orally explain the premium options to clients upon enrollment.

Program Financing. There was significant discussion of the program financing over the course of FY 2005-2006. Council members inquired as to whether freezing the number of enrollees or services are potential responses if expenditures exceed the appropriations. Mr. Gessow reviewed the assumptions made in the program design, including the aspects

intended to meet the needs of UIHC and Broadlawns. He noted that with Medicaid funding and health care there are always uncertainties to address. He also noted that relative to the IowaCare Program at UIHC, the General Assembly has the same remedies as those for overexpenditures under the State Papers Program. Director Concannon pointed to the requirement for the providers to submit a "clean claim" within 20 days of service provision as one of the features implemented to allow close monitoring of the status of program expenditures.

One of the continuing concerns is that a sufficient amount of the service expenditures under the IowaCare Program will be eligible for Medicaid coverage. DHS believes that if there is a problem in this regard, the federal options for reimbursement of a medical facility with a disproportionate share of Medicaid patients can be utilized.

Co-chairperson Carroll noted that Polk County had projected enrollment of approximately 13,000 in IowaCare and asked Ms. Stier about the level of confidence in this figure as there are currently about 6,000 enrolled. Ms. Stier expressed the belief that enrollments are at a reasonable level to meet the projections.

State Mental Health Institutes. Director Concannon explained that one of the features considered during the federal approval process for the H.F. 841 initiative was coverage of physical health costs under Medicaid for services provided at the state mental health institutes. The federal government allowed the coverage for a limited period but signaled a willingness to consider alternatives beyond that period. This is an area being addressed in the workgroups.

Nursing Facility Level of Care. Director Concannon identified the area of nursing facility level of care criteria as having significant implications for state policy. Iowa is considered to have a relatively high level of nursing facility beds compared to other states. There is interest in the state establishing more stringent clinical criteria for nursing facility admission. DHS is also developing options that will permit additional financing for community-based services and other alternatives to nursing facility care. These are included in a Medicaid State Plan amendment being considered by the federal Centers for Medicare and Medicaid Services. Director Concannon also noted that Senator Grassley and others are sponsoring legislation to increase the level of care requirements for nursing facility admissions which would then not require a waiver.

Provider Rate Increases. Council members asked about the status of the 3 percent rate increase authorized in appropriations for most Medicaid providers. DHS clarified that the increase is subject to approval by the federal government and that approval has not yet been provided. Once approval is received, the increase will be retroactive to July 1, 2005.

Representative Heaton asked about the status of the statutory requirement for provider rate data collection. In discussion it was suggested that adult day programs is an area where rates may be too low as these rates have not be evaluated in more than 10 years.

Other Federal Approvals. Director Concannon noted that the waiver request to provide services for up to 300 children with severe emotional disturbances has been approved and is in the process of being implemented, approval is anticipated for the family planning waiver that has been worked on for two years, and the waiver application for case management for the elderly has been submitted.

Health Promotion Initiatives. Director Concannon reviewed the various health promotion initiatives included in H.F. 841, such as implementing electronic medical records to address the needs of low-income families who change residences often and efforts to address obesity and smoking. DHS is working with a group connected with the Duke University Medical School and the University of Iowa School of Public Health as well as other researchers and clinicians in these efforts.

VII. Council Discussion.

Information Needs. Requests for follow-up information included the following:

- Co-chairperson Hatch asked for additional information regarding the effects of the IowaCare premium on enrollments. He requested information about ethnicity and other demographic data about IowaCare patients and those who are disenrolled.
- Co-chairperson Carroll asked for LSA Fiscal Services staff to work with DHS and BMC to analyze the status of IowaCare enrollment for BMC and the amount of billings that are eligible for Medicaid claiming. He requested a report before the next meeting that will identify potential areas of shortfall and implications for policymakers if the potential shortfalls would occur.
- Co-chairperson Tinsman inquired about options to address the need for dental care providers for the low-income population. Mr. Gessow and Director Concannon noted that discussions on this subject are underway with the Iowa Dental Association and with dental hygienists. In response to a suggestion from Representative Heaton, Mr. Gessow agreed to provide the Council with a copy of a policy recently adopted by the American Dental Association.

Effect of Premiums. Council members discussed the issue of the effect of premiums on program participation. Representative Smith suggested that the Council should look back to the intent of the IowaCare Program, which he characterized as drawing down federal dollars to replace the loss of the intergovernmental transfers to the greatest extent possible and expanding access to health care. He suggested that more scientific proof is needed to determine if the premiums really do affect personal responsibility and that his concern is that if the Council is caught up in the issue of premiums, the other parts of the initiative will not be realized. If premiums are retained, then the General Assembly should determine how to improve their application.

Co-chairperson Carroll stated that his goal with H.F. 841 was the broader vision of health care reform, and that the premiums are essential to his vision even though some enhancements might be necessary.

Co-chairperson Hatch said that the program is an experiment; that the details, such as premiums, affect people in different ways; and that it is the obligation of the Council to improve the program. He stated that his larger vision is provision of health care to all.

Co-chairperson Carroll added that research regarding the effect of premiums could probably be found to support either side, and that DHS has to continue to look for ways to resolve the premium payment issue.

Co-chairperson Tinsman suggested that most people want to buy into their own health care and that when they pay, they feel they receive better quality health care. Co-chairperson Hatch suggested that the payment process might work better if enrollees paid premiums at the time of the provision of services.

Representative Heaton pointed out that the hawk-i Program has experience with requiring premiums and requested information as to the numbers who have been disenrolled from that program for failure to pay premiums.

Durable Medical Equipment and Supplies. Some Council members expressed concern about the lack of coverage for prosthesis and other orthopedic equipment and supplies. Mr. Gessow cautioned that some items can be added to the benefit package at a relatively low cost, but care must be taken to ensure the package can be fiscally sustained. He noted that one of the health promotion items in the reform package is for physical health assessments of a relatively broad portion of the population and that these assessments may identify many ailments for which no health coverage exists under IowaCare. However, it was decided that performing the assessments would provide valuable information to the patient, even if services to address ailments identified are not covered.

VIII. Materials Filed With the Legislative Services Agency.

The materials listed were distributed at or in connection with the October 28 meeting and are filed with the Legislative Services Agency. The materials may be accessed from the "Additional Information" link on the Council's Internet page:

http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=70.

1. University of Iowa Hospitals and Clinics Update.
2. Broadlawns Medical Center Update.
3. Department of Human Services Update. The update includes the following materials:
    - The Department's PowerPoint slides.
    - IowaCare enrollment table showing monthly totals by county.

- An information sheet dated October 19, 2005, providing questions and answers regarding the IowaCare Program.
- Responses to the DHS survey of 15 persons who disenrolled in the IowaCare Program.

4. Medicaid Information, submitted by the Department of Human Services in follow-up to the Council's August 31 meeting. The information includes the following:
   - A report on the status of adding case management as Medicaid service under the home and community-based services waiver for the elderly.
   - A letter and report from the state's actuary regarding the capitation rates for the Iowa Plan.
5. Federal Medicaid Commission Report to the Secretary of the United States Department of Health and Human Services and the United States Congress, submitted by the Department of Human Services.
6. Medicaid estimates for FY 2006 and FY 2007 (from meeting on October 21, 2005), prepared by the Fiscal Services Division of the Legislative Services Agency.

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